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C O N F I D E N T I A L SANTO DOMINGO 000418

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STATE FOR WHA/CAR

E.O. 12958: DECL: 03/27/2028

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SUBJECT: CONCERN GROWING OVER GOVERNMENT'S CAMPAIGN RULES
VIOLATIONS

Classified By: P. Robert Fannin, Ambassador, Reasons 1.4(b), (d)

¶1. (C) Summary: On March 24, the Government and ruling PLD party suffered a setback when a Central Elections Board (JCE) decision found that a special government payroll existed to pay party members who did no work, and ordered that the practice be ceased. The ruling follows a damning report by a local election observing NGO, which cited a number of ways in which government spending is used to favor incumbent presidential candidate Leonel Fernandez. The visiting chief of the OAS's Electoral Observation Mission (EOM) spent most of a recent meeting with the diplomatic corps discussing inappropriate government spending, and said that the EOM was considering issuing a preliminary report to comment on this important issue. The U.S., OAS, and others who will be asked to comment on the fairness of the election face a challenge in quantifying the effect of the government's unfair actions, while not inviting an inappropriate response by the opposition. End summary.

Special Payroll Revealed

¶2. (SBU) In reports broadcast on March 8 and 15 on the Color Vision channel, respected investigative reporter Nuria Piera revealed the existence, since 2005, of the so-called "Special Payroll CB." The payments, which are not available to the public at-large, are made to members of the Committee of the Base (CB), which is the PLD party's organization at the village and neighborhood level. CB members, which number 1.2 million, receive US\$90-120 monthly directly from a variety of government ministries by simply presenting a letter from the party stating that they are unemployed. Piera reported that from four government agencies alone, the cost to the government of supporting PLD party officials was US\$1.95 million per month. In dramatic footage, Piera showed CB members admitting that they receive monthly payments and being unable to explain the location where they performed work for the government in return for their salaries.

¶3. (C) The Government's initial response was that those receiving special salaries constitute a pool of workers that can be called upon for periodic tasks such as clean up after

natural disasters; however, this explanation was received poorly here. The respected democracy and governance NGO Participacion Ciudadana described the Government's response as "unacceptable," given that, to receive their salaries, CB members simply have to present a letter from the party. The NGO termed the special payroll a "clear and illicit use of state resources to benefit a political party," and called on the JCE to withhold delivery of the PLD's public campaign financing until the special payroll issue was resolved.

¶4. (U) Predictably, opposition presidential candidate Miguel Vargas Maldonado, of the PRD party, was scathing in his reaction to Piera's reports. Vargas linked the issue to tax increases during the Fernandez Administration, saying, "Now we know what the destination of these (taxes) was. They take it from companies, the people, and consumers and engross themselves on the clientalism of re-election."

JCE Rules Against Government

¶5. (U) On March 24, the JCE issued its ruling, which read in part:

-- "Considering that the information received by the Administrative Chamber (of the JCE) revealed that since 2005 several public institutions have been paying a series of payrolls to benefit an appreciable number of persons; and that these salaries are different and independent from the payroll destined for the payment of regular services carried out by officials and public employees of these (same) institutions;

-- "Considering that (this payroll could give) a benefit favoring one of the candidates, it is necessary to adopt a

cautionary measure for the good of the electoral process and the equality of party competition;"

-- "(The JCE) rules for the immediate cessation of the payment of the payrolls that do not comprise the salaries and remunerations for regular services by officials and public employees of (six Government agencies) and any other state institution making these payments...."

-- "Orders that the National Treasury, Controller of the Republic, and Reserve Bank of the Dominican Republic take all measures necessary, in coordination with officials from the relevant agencies, to implement the measures indicated."

¶6. (C) On March 25, the PLD's Secretary-General, Reinaldo Pared Perez, responded to the JCE ruling by arguing that, "It is not certain that a 'Special Payroll CB' exists." This Orwellian denial was followed, on March 26, by a statement by the President's judicial adviser, Cesar Pina Toribio, who said that the Government would observe the JCE's decision. Pina added that the Government regretted that party members would be denied these funds "as a consequence of a political, foolish, and insolent attitude," without elaborating on whether he was referring to the JCE, opposition parties, or both.

¶7. (U) The Archbishop of Santiago, Monsignor de la Rosa y Carpio, congratulated the JCE on its ruling "because in all administrations (including those led by the PRD and PRSC) so-called ghost workers have existed, those which are now called 'special payrolls.'" An editorial in Listin Diario, a leading daily newspaper, praised the JCE decision as "correct and no doubt very important at this time," but warned that the JCE must "offer guarantees to the people that this resolution will be effective and complied with rigorously."

Additional Reports of Government Rules Violations

¶8. (SBU) The JCE's ruling follows a damning report by Participacion Ciudadana, which cited a number of ways in which government spending is used to favor President

Fernandez's campaign. The report noted that the same abuses are being committed by opposition-controlled municipal governments, but added that the scope of the violations are vastly greater by the central government given the concentration of resources in the presidency.

¶9. (SBU) The March 3 publication is Participacion Ciudadana's "First Electoral Observation Report" and is part of a major USAID grant for the NGO's election watchdog work. According to the report, which was published before the story of the Special Payroll CB broke:

-- "The most negative aspect of the electoral process to date... has been the very excessive use of state resources, including the incorporation into (Fernandez's) re-election campaign of nearly all of the Government."

-- "Thirteen of the sixteen cabinet ministers are integrated into the Campaign Command of the PLD (as are other government officials).... It should be noted that many of these officials are directing provincial campaigns, which requires them to frequently travel (accompanied by numerous assistants) with vehicles, gasoline, and per diems paid with public resources."

-- "In many cases it is striking that assignments of PLD officers in the political campaign coincide with their government functions. For example, the director of the Office of Metropolitan Bus Services is in charge of transportation for the campaign, and in many cases campaign and official functions are confused."

-- "The use of public resources for publicity that has a clear electoral style is particularly relevant (to our concerns).... The Government's spending on publicity has increased to (US\$5.5 million monthly).... The vast majority

of (these advertisements) do not consist of education campaigns, nor do they seek to prevent illnesses or mitigate natural disasters. Rather they consist of political propaganda, accompanied by party slogans."

-- "To the government spending on publicity must be added the hundreds of journalists (and their crews) incorporated into the Government's payroll.... This has contributed to the creation of (an openly pro-Fernandez group) "Journalists' Network with Leonel," (which has at least) 600 members."

-- "Trucks from the Social Plan of the Presidency follow the itineraries of the presidential candidate and distribute large amounts of food, medicine, appliances, and construction materials."

OAS Observers Consider Options

¶10. (C) On March 26, the chief of the visiting OAS Electoral Observation Mission (EOM), Argentinean diplomat Jose Octavio Bordon, briefed the Ambassador and other members of the diplomatic corps. Bordon said that, based on meetings with the PRD and civil society (he emphasized that he had not yet met with the PLD), a consensus existed that the JCE is doing a commendable job in organizing the election and that there is high confidence in the vote count on election day. However, Bordon noted, the PRD and civil society also both expressed serious concerns about government spending being used to favor Fernandez's candidacy. Bordon spent most his meeting with the diplomatic corps discussing this issue, lamenting that better legislation did not exist to differentiate government spending from campaign outlays. He said that the EOM was considering issuing a preliminary electoral observation report, i.e. before the election, to comment on this important issue.

Comment

¶11. (C) The issue of government spending favoring Fernandez's

candidacy has shifted in the past two weeks, from being a concern raised primarily by opposition parties to one which is now front and center in the minds of the OAS, JCE, and important civil society organizations here. The U.S., OAS, and others who will be asked to comment on the fairness of the election face a challenge in quantifying the effect of the government's actions. On the one hand, the government's unfair actions clearly will have some effect on the final vote count; on the other, similar abuses were committed by the PRD in 2004 and the will of people nevertheless prevailed and the incumbent party was defeated. We will also need to be careful that any criticism of the electoral process not invite an inappropriate response by the opposition. Finally, our interests go beyond determining the fairness of this election: We should also help correct weaknesses that threatened the health of the democratic system here. The JCE's ruling, and the Government's eventual acceptance of it, was a sign of improved institutional strength; however, follow-through will be important.

¶12. (C) If Fernandez wins the election by 10-15 percent, as current polls suggest, then he will likely emerge with an adequate mandate despite the stain of the JCE's ruling. However, the President's carefully cultivated image as a reformer has taken a strong hit. And there are more chapters yet to be written in this story: The JCE will soon rule on a broader complaint of inappropriate government spending, one which will consider many of the irregularities cited in Participacion Ciudadana's report.

(U) This report and additional information can be found on Embassy Santo Domingo's SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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